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REVISED FRINGE BENEFIT RULES NOT EXPECTED BEFORE SEPTEMBER

Revised regulations on the fringe benefit taxation of business aircraft users, which industry officials hoped would be issued in June or July, will not be published until September at the earliest, an Internal Revenue Service official told *BA* last week. Annette Guarisco of the Legislation and Regulations Division in the IRS Office of Chief Counsel, confirmed that it is her job to write the new regulations, but she told *BA* she has not yet started that project. She said the new rules would "probably" be out in three months (about mid-September), but warned that it is "very hard to pinpoint" when they might be completed, adding that it could be October or later. She also said there has been no decision on whether the revised regulations will be in the form of a final or a proposed rule.

Ronald Pearlman, assistant secretary for tax policy at the Treasury Department, sent a letter to Senate Majority Leader Robert Dole in early May *(BA, May 6/137)* promising a revision of the initial rules that first appeared in January. Pearlman, in a letter to Dole, said tax rates would be based on the weight of the aircraft used. Business aviation interests, who had lobbied strenuously for such a change, were pleased with the Pearlman letter, but they have been anxiously awaiting the revised rules with sufficient detail to answer remaining unresolved questions.

Informed of what Guarisco said about the new regulations not being out until September, National Business Aircraft Association President John Winant termed the news "distressing." He said NBAA has been receiving an increasing number of calls from its members seeking guidance on the fringe benefit issue and said the association is attempting to set up a meeting with Treasury officials in order to obtain some sort of guidance for operators until the new regs are issued. "We need some kind of bridge in the interim," Winant said, adding that if the rules do not come out until late this year "it could present a set of massive headaches" for the accounting departments of business aircraft operators in preparing tax returns and W-2 forms for employes.

Guarisco told *BA* that IRS also has been getting a substantial volume of calls on the fringe benefit issue. While she said it is not her job to provide advice on how affected operators should cope with the situation given the lack of current regulations, she did say it "would make sense" for operators to monitor the use of their corporate aircraft during the remainder of the year to insure that sufficient records are available to perform the necessary tax computations when the revised rules are finally issued.

PRINAIR COULD RESUME OPERATION THIS WEEK

Federal Aviation Administration officials said Friday, Puerto Rico International Airlines, (PRINAIR), could be "back up in the air any time," possibly as early as the first part of this week. PRINAIR voluntarily ceased operations on June 1, because of a lapsed insurance policy, according to an FAA spokesman. A spokesman for PRINAIR said that "on May 31, despite two payment checks, our insurance agency failed to renew our policy, so we voluntarily shut down." The spokesman said John Burns, chairman and president of PRINAIR then "looked around for a new (insurance) company, found one and started processing the necessary papers." The spokesman said the airline had "just heard" the new papers had been

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BUSINESS/PERSONAL AIRCRAFT INDUSTRY – MAY UNIT SHIPMENTS

		May 85	Cal. Year
BEECH AIRCRAFT CORP.			
• Single-Engine			
BE-77	Skipper	0	0
BE-C23	Sundowner	0	0
BE-C24R	Sierra	0	0
BE-F33A	Bonanza	4	9
BE-A36	Bonanza	8	34
BE-V35B	Bonanza	0	0
BE-B36TC	Bonanza	6	6
• Multi-Engine			
BE-B55	Baron	0	0
BE-E55	Baron	0	0
BE-58	Baron	1	9
BE-58TC	Baron	0	0
BE-58P	Baron	1	4
BE-76	Duchess	0	3
BE-B60	Duke	0	0
BE-C99	Airliner	0	0
BE-C90-1	King Air	4	11
BE-F90-1	King Air	0	2
BE-B100	King Air	0	0
BE-200	Super King Air	2	11
BE-200C	Super King Air	0	1
BE-300	Super King Air	1	12
BE-200T	Super King Air	0	0
BE-C99	Commuter	0	0
BE-1900C	Commuter	0	6
TOTAL		27	108
Manufacturers net billing – $13,967,601.50			
BRITISH AEROSPACE			
• Multi-Engine			
BAe	Jetstream 31	3	11
HS-748		1	2
BAe 146-100		1	3
BAe 146-200		1	3
HS-125-800	Model A	2	7
HS-125-800	Model B	0	2
TOTAL		8	28
PILATUS BRITTEN-NORMAN LTD.			
• Multi-Engine			
BN-2	Islander	3	3
BN-2T	Islander	0	0
Mark III	Trislander	0	0
TOTAL		3	3
CANADAIR LIMITED			
• Multi-Engine			
CL-600	Challenger	0	0
CL-601	Challenger	0	1
TOTAL		0	1
CESSNA AIRCRAFT COMPANY			
• Single-Engine			
CE-152		20	44
CE-A152	Aerobat	0	0
CE-172	Skyhawk	13	91
CE-172	Cutlass	0	2
CE-172RG	Cutlass	3	7
CE-182	Skylane	2	34
CE-182	Turbo Skylane	0	0
CE-182RG	Skylane RG	0	6
CE-182RG	Turbo Skylane RG	0	2
CE-185	Skywagon	2	8
CE-U206	Stationair 6	5	20
CE-TU206	Turbo Stationair 6	3	13
CE-207	Stationair 8	0	0
CE-TU207	Turbo Stationair 8	0	0
CE-210	Centurion	0	2
CE-T210	Turbo Centurion	5	14
CE-P210	Pressurized Centurion	(1)	7
CE-188	AgHusky	0	0
CE-188	AgTruck	0	0
• Multi-Engine			
CE-303	Crusader	2	4
CE-335		0	0
CE-340		0	4
CE-402		2	5
CE-404	Titan	0	0
CE-414	Chancellor	(1)	(1)
CE-421	Golden Eagle	0	0
CE-208	Caravan I	8	19
CE-425	Conquest I	1	18
CE-441	Conquest II	1	10
CE-500	Citation I	1	4
CE-550S/II	Citation II	6	20
CE-650	Citation III	2	10
CESSNA/REIMS AVIATION			
• Single-Engine			
CE-F152		0	1
CE-F152	Aerobat	0	0
CE-F172	Skyhawk	0	0
CE-FR172	Hawk XP	0	0
CE-F182	Skylane	0	0
CE-F182RG	Skylane RG	0	0
TOTAL		76	345
Manufacturers net billing – $43,299,775			
AVIONS-MARCEL DASSAULT			
• Multi-Engine			
AD-My.10	Falcon	0	0
AD-My.20	Falcon	0	0
AD-My.200	Falcon	0	5
AD-My.50	Falcon	1	4
TOTAL		1	9
DEHAVILLAND AIRCRAFT OF CANADA			
• Multi-Engine			
DHC-5		0	0
DHC-6		0	9
DHC-7		1	3
DHC-8		1	4
TOTAL		2	16
EMBRAER			
• Single-Engine			
EMB-200		0	0
EMB-201	Ipanema	0	10
EMB-710	Carioca (PA-28-235 Dakota)	0	2
EMB-711	Corisco (PA-28RT-201 Arrow)	0	3
EMB-712	Tupi (PA-28-181 Archer II)	1	2
EMB-720	Minuano (PA-32-310 Seratoga)	0	1
EMB-721	Sertanejo (PA-32R-301 Seratoga)	0	2
• Multi-Engine			
EMB-110	Bandeirante	0	7
EMB-121	Xingu	0	1
EMB-810D	Seneca II	2	15
EMB-820	Chieftain	0	1
TOTAL		3	44
FAIRCHILD AIRCRAFT CORP.			
• Multi-Engine			
Merlin III-C		0	0
Fairchild 30		0	0
Merlin IV-C		0	1
Metro III		0	3
Expediter		2	4
TOTAL		2	8
GATES-LEARJET			
• Multi-Engine			
LR-25D		0	1
LR-29		0	0
LR-35A		0	3
LR-36A		0	0
LR-55		2	5
TOTAL		2	9
GULFSTREAM AEROSPACE			
• Multi-Engine			
GR-1159A	Gulfstream III	1	8
AE-840	Turbo Commander	0	0
AE-900	Commander 900	1	1
AE-980		0	0
AE-1000		2	8
TOTAL		4	17

		May 85	Cal. Year
ISRAEL AIRCRAFT INDUSTRIES			
• Multi-Engine			
1124	Westwind 1	*	*
1124A	Westwind 2	*	*
TOTAL		*	*
LAKE AIRCRAFT			
• Single-Engine			
LA-4-200EP		0	3
LA-250	Renegade	1	4
TOTAL		1	7
MAULE AIR INC.			
• Single-Engine			
M-5-180C		3	14
M-5-200		0	0
M-5-235C	Lunar Rocket	0	1
M-6-235		1	1
M-7-180		0	6
M-7-235	Super Rocket	1	7
MX-7-235		3	4
TOTAL		8	33
Manufacturers net billing – $362,145			
MITSUBISHI			
• Multi-Engine			
Solitaire		0	0
Marquise		1	1
Diamond		0	2
Diamond II		1	1
TOTAL		2	4
MOONEY AIRCRAFT CORP.			
• Single-Engine			
M-20J	201	1	18
M-20K	231	3	21
TOTAL		4	39
PIPER AIRCRAFT CORP.			
• Single-Engine			
PA-38-112	Tomahawk	0	0
PA-28-161	Warrior	8	29
PA-28-181	Archer II	12	42
PA-28-236	Dakota	1	7
PA-28RT-201T	Turbo Arrow IV	1	11
PA-32-301	Saratoga	3	12
PA-32R-301	Saratiga SP	3	6
PA-32R-301T	Turbo Saratoga SP	3	10
PA-46-310P	Malibu	9	45
• Multi-Engine			
PA-31-350	Chieftain	2	5
PA-31P-350	Mojave	0	11
PA-31-500	Cheyenne I	0	0
PA-31-500	Cheyenne IA	0	2
PA-42-720	Cheyenne IIIA	1	2
PA-42-400LS	Cheyenne	0	9
PA-34-220T	Seneca III	7	22
PA-44-180	Seminole	0	5
PA-44-180T	Turbo Seminole	0	5
PA-700P	Aerostar	0	7
PA-T1020		0	0
PA-T1040		1	1
TOTAL		51	231
Manufacturers net billing – $8,905,649			
SHORT BROTHERS LTD.			
• Multi-Engine			
SBJ-CS-7	Skyvan	*	0
SD-3-30		*	1
SD-3-60		*	1
TOTAL		*	2
	SINGLE-ENGINE	125	560
	MULTI-ENGINE	69	344
	GRAND-TOTAL	194	904

UNIT SHIPMENTS COMPARATIVE TREND: 18 MANUFACTURERS

	May			Calendar Year to Date		
	1985	1984	1983	1985	1984	1983
Beech	27	31	33	108	177	154
British Aerospace	8	4	1	28	16	7
Britten Norman	3	1	3	3	5	5
Canadair	0	4	*	1	10	*
Cessna	76	53	109	345	326	518
Dassault	1	3	1	9	10	18
De Havilland	2	2	*	16	10	*
Embraer	3	7	8	44	39	37
Fairchild	2	1	1	8	9	5
Gates	2	3	1	9	8	11
Gulfstream	4	6	4	17	19	23
Israel	0	0	*	0	3	2
Lake	1	4	2	7	12	11
Maule Aircraft Inc.	8	7	7	33	9	20
Mitsubishi	2	0	1	4	7	15
Mooney	4	6	15	39	49	58
Piper	51	56	52	231	275	304
Short	*	2	2	2	16	8
TOTAL	194	190	240	904	1,000	1,196

Parentheses show actual Embraer deliveries, not including aircraft kits.
* Figures not available.